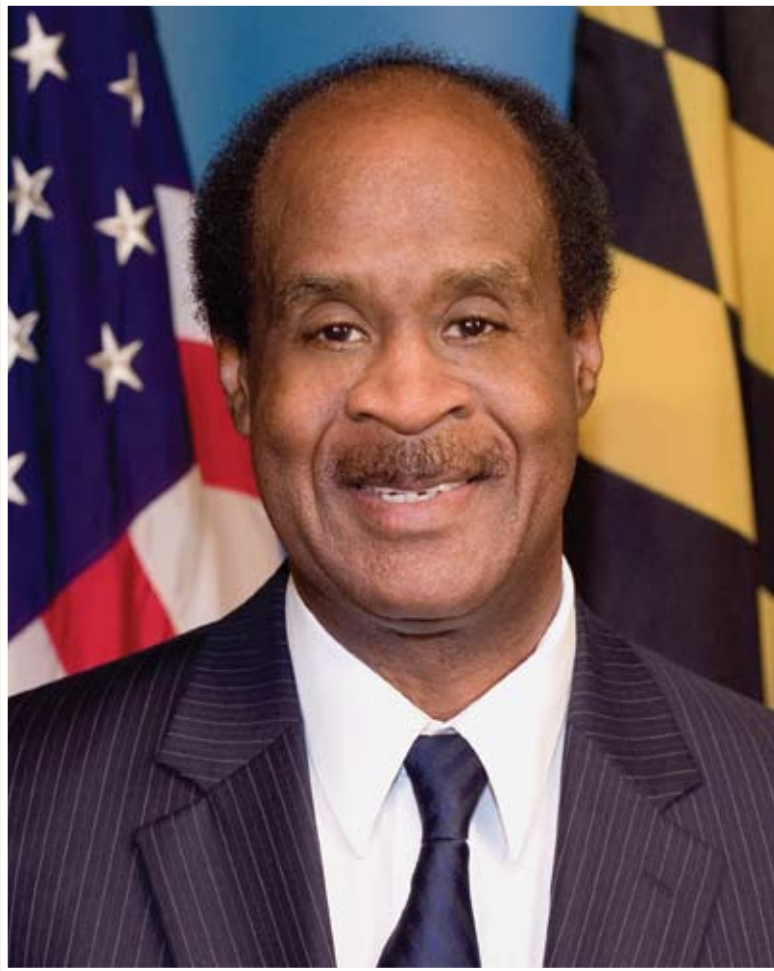


Montgomery County, Maryland

Office of Consumer Protection Annual Report

FY 2008





Montgomery County's longstanding commitment to ensure integrity in our marketplace and protect consumers from unfair and deceptive trade practices is clearly demonstrated by the activities of the Office of Consumer Protection and the new duties assigned to OCP this year.

I am proud to report that the Office of Consumer Protection is the recipient of a 2008 National Association of Counties Achievement Award for an innovative program and collaboration with the Sheriff's Office to protect consumers from losing personal possessions and financial documents when a merchant faces eviction.

One of the cornerstones of my administration is to provide responsive and accountable government. OCP is exemplary in its ability to work with other County, state, and federal agencies as public servants dedicated to maintaining a fair marketplace.

The work of the Office of Consumer Protection greatly contributes to the quality of life in Montgomery County and I look forward to continuing to address the needs of all of our residents.

Ike Leggett

Ike Leggett
County Executive



Fiscal year 2008 marked the Office of Consumer Protection's (OCP's) second full year operating as a principal agency within the County's Public Safety sector, following revisions to the county's Consumer Protection Act.

The County Executive and County Council looked to OCP this year to administer and enforce several new and important county laws in addition to our core mission of prohibiting unfair and deceptive acts in our marketplace.

The Office of Consumer Protection created and launched its first logo and tagline to help achieve higher visibility and recognition in outreach campaigns. While we considered using a modern graphic symbol, such as a universal bar code or a computer screen as part of our logo, OCP adopted a back-to-basics handshake to symbolize the importance and sanctity of "*trust*" in every consumer transaction.

OCP investigates and resolves thousands of written complaints each year involving automotive sales and repairs, new-home construction, home improvements, credit and financial issues, retail sales, advertising, internet services, and most other consumer transactions. We enforce several consumer protection laws and have the authority to execute settlement agreements, issue civil citations and subpoenas, conduct administrative hearings, and initiate legal action through the County Attorney.

Mission Statement:

The mission of the Office of Consumer Protection is to enforce consumer protection laws prohibiting unfair and deceptive business acts or practices in order to ensure a fair marketplace for consumers and businesses. Activities include complaint resolution, law enforcement, education, legislation, advocacy, licensing, and outreach.



Complaint Resolution

Timeshare Trouble

A Rockville consumer received a telephone solicitation from an out-of-state merchant offering to sell a timeshare condominium unit the consumer owned in Virginia. The consumer initially agreed over the telephone to pay a \$1,350 advertising fee and provided his credit card number to the merchant. Upon further reflection, the consumer called to cancel these arrangements, but the merchant refused to return the fees charged to his credit card. OCP investigated the specifics of the transaction and determined that the merchant violated the Maryland Telephone Solicitations Act and that the consumer was eligible for remedies under federal credit laws. When neither the merchant nor the consumer's credit card issuing bank agreed to resolve the matter, OCP contacted the U.S. Comptroller of the Currency. With the intervention of the U.S. Comptroller of the Currency, OCP was able to obtain a full refund for the consumer from his bank.

Student's Financial Hardship

A Germantown student signed up for classes at a nursing school in Silver Spring and financed her tuition. The school subsequently closed its Montgomery County location; moved to Columbia, Maryland; and later went out of business after the consumer had already paid more than \$6,000 in tuition. When the nursing school refused to return her payments, the student filed a complaint. She feared that her career was in jeopardy because, without a refund, she no longer had the ability to pay for a degree in nursing at another school. OCP contacted the out-of-state finance company to which the consumer had made her payments, and was able to obtain a full refund for the consumer by asserting a federal credit provision.

Consumer's Special Needs

A consumer residing in a furnished group home for adults with special needs, made a \$590 deposit for furniture and entered into a layaway agreement for an additional \$1,310 with a store in Silver Spring, during a

4-Year Battle Resolved in 4 Weeks – A Gaithersburg consumer contacted OCP to report that he had been trying to resolve a billing dispute for the past 4 years. The consumer stated he was erroneously charged for services provided to a previous tenant. OCP was able to contact the proper representatives and the billing dispute was cleared up within 4 weeks from OCP initial contact.

3-hour unsupervised time period. The caregiver from the organization which provides support to this consumer and his group home contacted the store to explain that the consumer had no need for furniture and had certain disabilities. However, the store would not provide a refund. OCP investigated the complaint filed by the consumer's caregiver and determined that the store violated state law regarding layaway transactions. The store subsequently agreed to cancel the consumer's purchase, provided a refund, and corrected its layaway sales contracts.

Staff Spotlight

Lorena Bailey, Investigator, came to the Office of Consumer Protection from Legal Aid Bureau, Inc. where she worked on consumer matters. She spent five years helping Baltimore residents with foreclosures, repossessions, bankruptcy and other consumer-related cases. Prior to joining Legal Aid Bureau, Inc., Lorena was in private practice. Lorena is a graduate of Cornell University and she received her law degree from Georgetown University Law Center.



New County Laws

In FY 2008, the County Executive and the County Council looked to the Office of Consumer Protection to administer and enforce several new laws enacted to protect residents of Montgomery County. OCP embarked upon these new duties in addition to performing our core mission of prohibiting deceptive trade practices in consumer transactions.

Councilmember Phil Andrews was the primary sponsor of this law, which was passed unanimously by the Council and signed by the County Executive. OCP worked closely with representatives of the real estate industry to address their concerns and ensure the smooth implementation and administration of this new provision.

Councilmember Roger Berliner was the primary sponsor of these laws, which were passed unanimously by the Council, signed by the County Executive, and referenced in a favorable *Washington Post* newspaper editorial. This new role for OCP will require a learning curve to enable staff to gain expertise in this issue area.

Domestic Workers (Bill #32-08)

This law requires residents who employ nannies, housekeepers, and certain other domestic workers to offer such workers a written contract that discloses specific information regarding job conditions and benefits.

OCP is charged with creating a model contract in consultation with the Montgomery County Commission for Women (CFW) for use in these transactions. In enforcing the disclosure provisions of this law, OCP may refer complaints, as appropriate, to the Department of Housing and Community Affairs (DHCA) and the Office of Human Rights (HRC).

Councilmembers Marc Elrich and George Leventhal were the primary sponsors of this bill, which was passed unanimously by the Council and signed by the County Executive. OCP staff have been in consultation with several advocacy groups, government agencies, and business organizations in order to ensure the smooth implementation and administration of these new provisions. OCP will also be working with the Department of Technology Services (DTS) to create online information which can be posted on OCP's Web page.



Montgomery County Council... Left to right (standing): Marc Elrich, George Leventhal, Duchy Trachtenberg, Phil Andrews, Nancy Floreen, Mike Knapp. Seated: Don Praisner, Valerie Ervin and Roger Berliner.

Estimated Property Tax Disclosure (Bill #24-07)

This law requires sellers of homes to provide potential homebuyers with an estimate of what their property tax and other non-tax charges will be in the first full fiscal year after they purchase the home. This bill is designed to provide purchasers with a more accurate disclosure as to the costs associated with the purchase of a home.

OCP worked closely with Montgomery County's Department of Technology Services (DTS) to develop an online calculator enabling sellers to more easily provide the disclosure information required by the law.

Energy and Environmental Advocacy (Bill #35-07)

This is one of seven new "green laws" enacted to address environmental issues. It authorizes the Office of Consumer Protection to advocate for the County's interest in obtaining the lowest possible rates consistent with environmental stewardship for gas, electricity, and other energy sources. OCP is to consult with other County departments and take an active role in participating in matters pending before state and federal agencies.

Legal Action

Unlicensed Contractors

OCP continued to work with the State's Attorney and the Maryland Home Improvement Commission in seeking criminal charges against unlicensed home improvement contractors. OCP also collaborated with Montgomery County's Department of Permitting Services (DPS) to prevent unlicensed contractors from obtaining building permits.

Following an OCP investigation, an arrest warrant was obtained for an unlicensed home improvement contractor who was paid \$82,500 by a Derwood consumer but failed to provide the agreed-upon services. The contractor was to build an addition, but returned only to remove a fence and damaged the house while delivering some supplies. OCP discovered that the contractor had a pending arrest warrant in Virginia for working without a license and for attempted abduction and malicious wounding.

Furniture Stores

After receiving more than 20 complaints in the last three years from Spanish speaking consumers, OCP entered into a settlement agreement with a furniture retailer that failed to deliver merchandise and failed to comply with laws regarding warranties and refund policies. The merchant operated two stores in Montgomery County located in Wheaton and Long Branch.

The merchant agreed to revise its sales invoices to comply with state and county consumer protection laws and has agreed

to translate its sales invoices into Spanish. The merchant paid a civil penalty of \$2,500 to Montgomery County and paid \$3,770.50 to consumers in resolving individual complaints. This case highlighted the importance of having bilingual investigators in our Office of Consumer Protection, as many county residents are struggling to overcome language barriers and are reluctant to report consumer complaints. The merchant subsequently filed for bankruptcy.

Long Trip to Nowhere

Following an OCP investigation and litigation over several years, a travel agent who failed to provide the services for which she was paid was sentenced to 18 months in jail. Consumer complaints received by OCP were investigated, analyzed, and reported to the State's Attorney for criminal prosecution.

This Rockville travel agent received more than \$50,000 from 22 consumers for travel arrangements to a convention in Hawaii. The merchant sent a letter to the consumers less than a month before the date of departure stating that the trip had been cancelled but failed to provide any refunds.



Investigator John B. Creel, Jr. hand delivers \$4,500 in refund checks to a Derwood consumer after bringing charges against an unlicensed tree service firm.

Many of these consumers paid for the trip in installments over the course of a year and could not afford to re-book the trip.

The merchant pled guilty to one count of theft and one count of embezzlement and was sentenced to an 18-month jail term. She was ordered to pay more than \$60,000 in restitution to consumers and will be on supervised probation for 5 years following her release. When a deceptive trade practice constitutes a theft, OCP works closely with the State's Attorney in seeking to bring criminal charges against the merchant.



Community Outreach

“Look, Listen, & Learn” Walking Tour

OCP staff conducted a walking tour in the Wheaton Triangle area to facilitate conversations between OCP staff, consumers, and business owners. The tour was part of OCP’s outreach campaign to develop a better understanding of the particular consumer protection needs and issues of the Hispanic/Latino community. OCP conducted informal interviews with consumers and merchants to determine what consumer issues were of most concern and the extent to which residents were aware of the services offered by Montgomery County. A similar walking tour took place last year in the Langley Park area.

The group of 15 OCP staffers gathered in the Mid-County Regional Services Center, prior to their walking tour. Representatives of the Latino Economic Development Corporation (LEDC) accompanied them and helped introduce OCP staff to merchants and consumers in the area. A representative of Councilmember Nancy Floreen’s office also attended. Spanish-speaking interpreters accompanied various groups of OCP investigators to help them improve their understanding of how best to serve the community.

OCP’s director and two Spanish-speaking investigators returned to the area several weeks later with Spanish-speaking representatives of the Maryland Department of Labor, Licensing, and Regulation to get a better understanding of the types of financial services offered to consumers in this community.



Jocelyn Rawat of Councilmember Nancy Floreen’s office and Emily Adelman of Latino Economic Development Corp. (LEDC) join OCP and the Mid-County Regional Services Center in visiting businesses and speaking with consumers in Wheaton.



Media Coverage

OCP's ability to educate consumers and effect change in the marketplace is greatly enhanced by our ability to communicate with consumers via television, radio, and print media. OCP seeks to inform residents about what we are doing and effectively warn consumers about current scams.

OCP staff frequently are quoted in local and national newspapers and magazines and frequently appear or are heard on local and national television and radio news programs.

OCP works closely with Montgomery County's Public Information Office (PIO) to issue press releases and alerts and schedule press conferences to announce significant actions and alert consumers and businesses to potential problems. In addition to the information provided on our Web page, OCP staff regularly appear on County Cable TV programs as part of our outreach and education efforts.

OCP provides video streaming on our Web page of television news reports featuring OCP staff to enable consumers to watch

these reports if they missed the initial broadcast.

In FY 2008 OCP continued to have extensive media exposure:

Newspapers, TV & Radio

OCP collaborated with Montgomery County's Fire Rescue Service (FRS), in conducting a joint press event at the Bethesda Fire Station #6 with Fire Chief Tom Carr and the Maryland State Fire Marshalls Office to warn consumers about the dangers of purchasing electrical appliances that were not properly tested and approved.

OCP received a complaint from a Rockville consumer who experienced a fire in his apartment the first time he used an inexpensive extension cord he purchased



Montgomery County's OCP, Fire Rescue Service, and the Maryland Fire Marshall's Office conduct a joint press event to warn consumers about purchasing electrical items that are not properly tested and are being sold illegally.

in Montgomery County. Upon investigation, OCP learned that electrical items were being sold, both nationally and in Montgomery County, with counterfeit labels from testing organizations.

OCP investigators and FRS inspectors visited several stores throughout the county and found several electric extension cords, space heaters, and other electrical products being sold without proper testing and certification, as required by law. Some of these electrical items contained counterfeit certification labels. Products being sold illegally were removed from stores during these inspections.



The number of times OCP staff are in the news. OCP receives extensive media coverage regarding consumer protection issues. Each month OCP staff are quoted in newspapers, heard on the radio, and seen on TV.

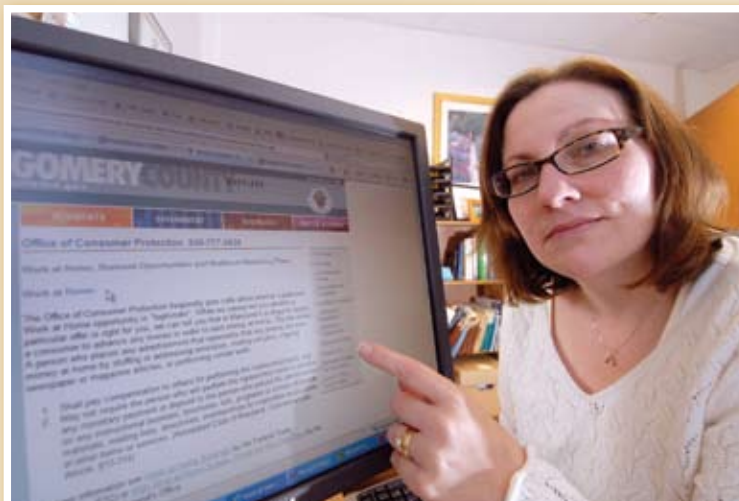
Presentations, Speeches & Reports

OCP staff maintain an active public speaking schedule, visiting schools, civic associations, faith-based organizations, community groups, and conducting public forums to provide important information about consumer protection laws and current scams.

In FY 2008 OCP issued its fifth annual Gift Card Study and issued an investigative report regarding limousine service firms.

OCP's *Gift Card Study* reported on the best and worst retail gift cards and contained a review of bank-issued gift cards. This report was referenced in local and national media and provided valuable information regarding an industry in which consumers spend more than \$80 billion nationwide to purchase gift cards each year.

OCP's *Limousine Report* found that the majority of limousine firms advertised in the Montgomery County "yellow pages" telephone directory were not properly licensed. This report followed OCP's investigation of a complaint in which the consumer alleged that her wedding guests were left stranded when the limousine company they hired and paid failed to pick up and return the guests to the hotel after the reception.



Investigator Lisa Brennan demonstrates the wealth of consumer information on OCP's Web page including the ability to check the number of complaints filed against merchants.



Commission on Common Ownership Communities

More than 30% of Montgomery County residents now live in communities governed by homeowner associations and condominium associations. The Commission on Common Ownership Communities (CCOC) operates as an alternative dispute resolution mechanism designed to hear and resolve disputes between homeowner and condominium associations and their owners and residents. CCOC has been in operation since 1991 and served as a model for other similar agencies that have recently been established in Prince George's and Calvert counties. OCP serves as staff to CCOC, and responds to all inquiries and filed disputes.

The 15 volunteer commissioners are appointed by the County Executive and confirmed by the County Council; volunteer local attorneys chair the hearing panels and write the decisions. In FY 2008, 68 new common ownership communities registered with CCOC, bringing the total number of registered common ownership communities to 942. These communities comprise a total of 121,555 residential units, housing more than 300,000 county residents.

In FY 2008, the CCOC received 79 written complaints from homeowners and community associations, and responded to 966 requests for advice and information. With the assistance of the Conflict Resolution Center of Montgomery County (CRCMC), 30 mediation sessions were conducted. The Commission held 19 public dispute resolution hearings (one which required 9 days of evidentiary hearings) and issued 13 final orders.

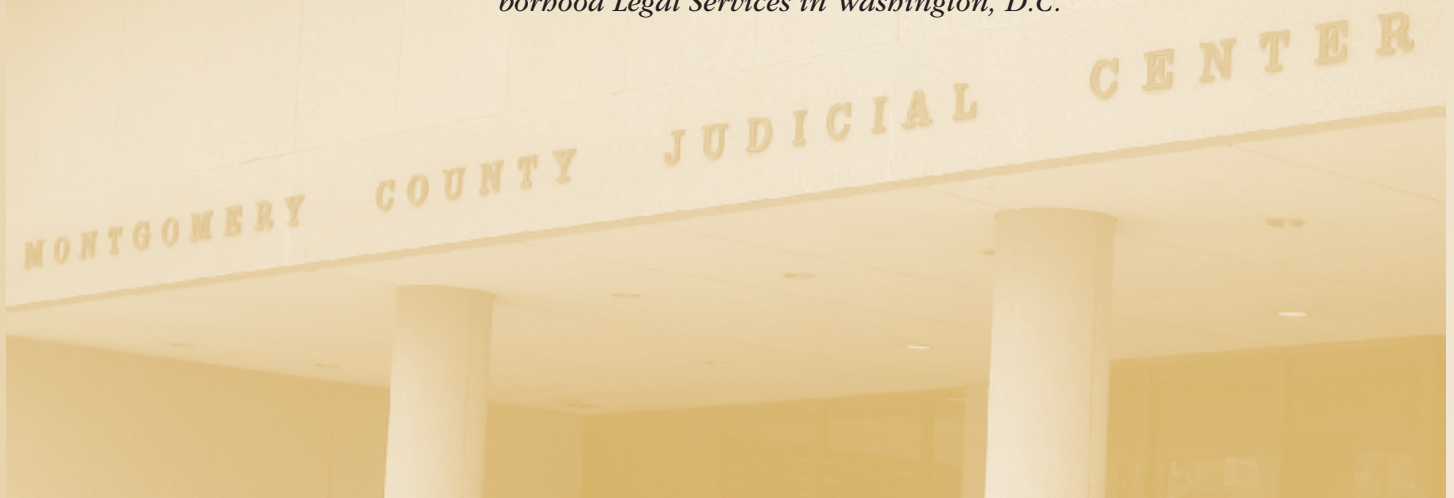


CCOC significantly expanded its community services and outreach efforts during this fiscal year, implementing a program to engage other county agencies on policy issues which impact the quality of life in common ownership communities. Commissioners discussed the proposed water rate increases with WSSC representatives, and discussed fire protection fee charges with senior staff of the Fire Rescue Service. CCOC published and distributed three

educational newsletters, hosted an annual forum focusing on the impact of the foreclosure crisis, and published a brochure regarding community assessments.

Staff Spotlight

Peter Drymalski, investigator, is a 21-year veteran of the OCP who has worked in all of its units and is currently assigned full time to the Commission on Common Ownership Communities. He is a graduate of Carleton College and the Georgetown University Law Center, a member of the Maryland and D.C. Bars, and a former staff attorney for Neighborhood Legal Services in Washington, D.C.



Builder's Board of Registration

New and renewal applications for new home builders are reviewed by a Builder's Board of Registration. This Board comprises 5 volunteer members appointed by the County Executive and confirmed by the County Council, and represent the interests of consumers and the residential construction industry.

Business Licensing

OCP is responsible for licensing new home builders, auto repair shops, towers, appliance repair firms, and secondhand property dealers. During FY 2008, OCP processed new applications and renewals and reported the following active licenses:

Building Contractor's Licenses	519
Motor Vehicle Repair Licenses	850
Auto Towing Licenses	141
Radio/TV & Small Appliance Licenses	182
Secondhand Personal Property Licenses	103

Advisory Committee on Consumer Protection

OCP receives guidance and assistance from the Advisory Committee on Consumer Protection. The Advisory Committee, which meets monthly, consists of nine volunteer members, reflecting a cross-section of consumer and business interests. The members are appointed by the County Executive and confirmed by the County Council.

In FY 2008 the Advisory Committee held two public forums to address identity theft and financial privacy concerns.

Leading government, consumer group, and private sector experts shared their

expertise and provided guidance on what measures consumers can take to protect themselves. NBC TV-4 Consumer Reporter Liz Crenshaw and WTOP radio host Shirley Rooker moderated these events, held at the Gaithersburg Library and the Holiday Park Senior Center. An Advisory Committee member also appeared in a Comcast News-Makers interview to discuss and promote these forums.



Hall of Thanks & Awards

OCP wins 2008 NACO Achievement Award

OCP is one of several County agencies to receive an award in 2008 from the National Association of Counties. This achievement award is in recognition of OCP's Business Eviction Response Team (BERT).

This program is a collaborative effort with the Sheriff's Office in which OCP protects consumers from losing personal property, including financial documents, when a merchant is being evicted. This novel approach to a nationwide problem is a five-step process in which the Sheriff's Office first notifies OCP of a pending eviction of a merchant's place of business if the merchant appears to be in possession of goods or documents belonging to consumers.

Such businesses typically include auto repair shops, appliance and furniture repair shops, dry cleaners, photography studios, mortgage brokers, and tax preparers. When the Sheriff's Office executes an eviction because the merchant failed to pay the rent, the contents found in the building are placed out on the street and are left to be picked up by anyone or to blow away in the wind.

OCP intervenes when possible to safeguard the goods and financial documents and to contact the consumers to enable them to retrieve

their possessions. But for the efforts of OCP, these valuable items may otherwise be lost or stolen as the unintended consequence of a court-ordered eviction. With modest costs and efforts, this program generates widespread goodwill and appreciation from consumers. OCP has been successful in returning vehicles, furniture, appliances, clothing, and photographs. This program also has an impact on the number one consumer crime—identity theft. Bank and tax records containing social security numbers and other personal financial information have been returned to consumers, rather than being left out on the curb, thanks to BERT.



OFFICE OF CONSUMER PROTECTION (OCP)

Ensuring Integrity in our Marketplace

OFFICE OF THE DIRECTOR

Special Projects
Media/Communications
Legislation
Consumer Outreach
Program Measures
Estimated Property Tax Disclosure Initiative (Bill #24-07)

Automotive/General Unit

Automotive Investigations
General Investigations
Staff to Commission on Common Ownership Communities
Staff to Advisory Committee on Consumer Protection
Trespass/Impound Towing Regulations
Annual Gift Card Study

Real Property/Retail Unit

Real Property Investigations
Retail Investigations
Staff to Board of Builders' Registration
Business Eviction Response Team (BERT)*
Volunteer and Intern Program
Domestic Workers Initiative (Bill #2-08)
Energy and Environmental Advocacy (Bill #35-07)

Administrative Operations Unit

Budget and Financial Services
Human Resources and Staff Training
Small Business Licensing Program
Customer Service
Contract Administration
Information and Technology Initiatives

*2008 National Association of Counties (NACO) Recognition Award

Thank you

OCP is staffed by dedicated employees, and our job is to be of service to our community. At the same time, letters and comments offering praise are greatly appreciated and make our job rewarding. The kind words received in FY 2008 include the following:

Dear Mr. Leggett:

I am writing to tell you that one of your employees, Mr. John B. Lewis, Investigator for the County Office of Consumer Protection was a great help to me and my wife in a dispute we had with a large corporation. He did his job well and went above and beyond what anyone else did to help us. We felt like two voices crying in the wilderness until Mr. Lewis stepped in to help us...

J.N. Rockville 12/4/07

Dear OCP Director:

I would like to commend Mr. John Lewis for his hard work and diligence on behalf of my case.... He has renewed my belief that the County does still employ some quality people that care about your problems and get things done.

D.S. Silver Spring

Your office is much needed and appreciated in these times of unscrupulous charlatans. I am glad I live in Montgomery County with a consumer protection service as responsive as yours.

L.D. Silver Spring



OCP STAFF

Lorena Bailey, *Investigator*

Lisa Brennan, *Investigator*

Peggie Broberg, *Administrative Aide*

Marsha Carter, *Operations Administrator*

John Creel, *Investigator*

Peter Drymalski, *Investigator*

Eric Friedman, *Director*

Virginia Foronda, *Program Specialist*

Sheila Hayes, *Senior Aide*

Evan Johnson, *Investigations Administrator*

John Lewis, *Investigator*

Sharon Margolis, *Investigator*

Joy Matthews, *Investigator*

Nellie Miller, *Investigator*

Doug Number, *Investigator*

Pam Prather, *Program Specialist*

Sue Rogan, *Investigator*

Kathy Schaeffen, *Administrative Aide*

Linda Silverman, *Administrative Aide*

Bernie Vega, *Investigator*

Ralph Vines, *Investigations Administrator*





Eric Friedman, Director



Ensuring Integrity
in our Marketplace

OCP Staff

The OCP staff of 22 includes six attorneys and a certified automotive technician. Three members of our staff are fluent in Spanish. Several are certified by the judicial system as experts in their fields qualified to testify in court on cases involving their specialties. OCP is fortunate to also have a team of dedicated English and Spanish speaking volunteers and interns. Seventeen volunteers contributed a total of 3,323 hours in FY 2008, working with OCP investigators and enabling OCP to “leverage” our ability to be productive.

At the end of FY 2008, two of our senior investigators, Frederick “Rick” Titus and Richard Alexander, retired. Their contributions as passionate consumer advocates with exceptional skills and talents can not be duplicated. They leave with the satisfaction of knowing they helped thousands of consumers during their combined 60 years of service.

Contact Information

Montgomery County, Maryland
Office of Consumer Protection
100 Maryland Ave, Suite 330
Rockville, MD 20850

(240) 777-3636

Anonymous Consumer Tip Line: (240) 777-3681

Web page: www.montgomerycountymd.gov/consumer

E-mail: consumerprotection@montgomerycountymd.gov

Numbers At a Glance

Administration

Budget\$2.7 million

Total Employees..... 22

Including:

Volunteer Hours 3,323

Consumer Complaints

Written Complaints..... 2,370

Informational Calls..... 20,619

Merchant Disclosures 3,398

Estimated Restitution \$747,000

Satisfied with Outcome80%

Satisfied with Manner.....86%

OCP in the Media

Media Interviews 60

Newspaper Articles..... 29

TV News Reports 22

Radio News Reports 19

Cable TV Shows 8

Press Releases & Conferences 18

OCP Outreach

Speeches 51

Audience 5,855

Public Forums 2

OCP Law Enforcement

Settlement Agreements..... 17

Citations & Criminal Charges 34



Office of Consumer Protection

100 Maryland Avenue, Suite 330

Rockville, MD 20850



This information is available in an alternate format by calling 240-777-3636